

# **Wizr Limited**

ABN: 80 004 661 205

## **Financial Report**

**For the Year Ended 30 June 2018**

**Wisir Limited**  
**Financial report**  
**For the year ended 30 June 2018**

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**Wizr Limited**  
**Directors' report**  
**For the year ended 30 June 2018**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the Group) consisting of Wizr Limited (referred to hereafter as the Company or Parent Entity) and the entities it controlled at the end of, or during, the year ended 30 June 2018.

**Directors**

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

<b>Name</b>	<b>Position</b>
John Nantes	Executive Chairman
Craig Swanger	Non-Executive Director
Chris Whitehead	Non-Executive Director

Particulars of each director's experience and qualifications are set out later in this report.

**Principal activities**

During the financial year, the Group's primary activity was writing personal loans for 3 and 5 year maturities to Australian consumers, then on-selling these loans to either the DirectMoney Personal Loan Fund ARSN 602 325 628 (the Fund), issued by One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042 as Responsible Entity of the Fund, or to institutional and wholesale investors.

**Review of operations**

The Group reported a net loss after tax of \$6.2 million for the full-year ended 30 June 2018. This result includes non-cash related costs of \$427k related to loan funding fees.

**Table 1: Key financial results**

<b>FY2018</b>	<b>Reported</b>	<b>Excluding significant one-off items<sup>1</sup></b>
Revenues from ordinary activities	\$1.6 million	\$1.6 million
Loss before income tax	\$6.2 million	\$5.8 million
Earnings per share	(1.4 cents)	(1.3 cents)
<b>FY2017</b>	<b>Reported</b>	<b>Excluding significant one-off items<sup>2</sup></b>
Revenues from ordinary activities	\$1.2 million	\$1.2 million
Loss before income tax	\$5.4 million	\$4.6 million
Earnings per share	(1.4) cents	(1.2) cents

1. Excludes one-off expenses for Macquarie Bank Limited's Funder Fee (\$0.3 million), 255 Finance's Funder Fee (\$0.1 million) and Alceon's option expense (\$31k).

2. Excludes one-off expenses for Macquarie Bank Limited's Funder Fee (\$0.9 million).

**Key Group highlights include:**

- Revenue up 37%, increased to \$1,590,690 (FY2017: \$1,160,153)
- Loan origination volumes up 409% from FY2017
- Major business transformation completed with successful launch of the Wizr brand
- Two significant wholesale funding agreements, secured with 255 Finance Investments Pty Ltd (255 Finance) (\$50m) and Bendigo and Adelaide Bank Limited (Bendigo and Adelaide Bank) (\$25m) to support new business model and growth
- Marginal increase in full-year net loss after tax, up 14% to \$6,207,866 (FY2017: \$5,431,673)
- Successful build, pilot and launch of several innovative products and services

**Revenue**

The Group generated operating revenue of \$1,590,690 in FY2018, a 37% increase on FY2017 revenue of \$1,160,153. Revenue was derived from early crystallization of loan establishment fees through loan sales, fees earned from servicing loans sold to third parties, interest earned on loans on balance sheet, ongoing fees from borrowers related to late payments and borrower referral sales. In FY2018 the Group focused on increasing the number of ways to generate revenue through the addition of further customer centric products and services, which will directly benefit our customers financial wellbeing and grow our revenue streams as a result.

**Review of operations (cont.)**

Expenses

The Group incurred expenses of \$8.0 million in FY2018, up 15% from FY2017 expenses of \$7.0 million. This was predominantly driven by an increase in employee expenses, investment into the research and development of innovation in products and services delivered by Wizr, and marketing spend attributed to the Group's commitment to strategically grow the Group's capabilities.

The Group spent approximately \$4.3 million on employee expenses, increasing staff numbers during the year to approximately 33 to set the Company up to build on and sustain the rapid growth being delivered in loan originations and customer acquisition and complement the new set of products and services. Included in staff costs were the value of some management incentive schemes of \$527k which are share based and therefore a non-cash item.

Net write offs in FY2018 against personal loans held on the Group's balance sheet were \$80k, which is significantly lower than FY2017 of \$390k. As at 30 June 2018, the Group held \$3.6 million of loans on its balance sheet.

Strategy

During the year, Wizr's new Executive Leadership Team confirmed the Group's commitment to financial wellness for all Australians and focused the business on providing a smarter, fairer and wiser group of financial products and services, and re-branded the Company to "Wizr". Since the rebrand, more than 43% of Wizr's new customers are young borrowers, aged under 35 years (up from the historical average of less than 20%).

Recognising the limitations of the peer-to-peer lending model, in 2018 the business model was transformed to a new, scalable model designed for long-term profitability. This transformation has been supported with strong institutional backing, as Wizr secured wholesale funding agreements with 255 Finance (\$50m) and Bendigo & Adelaide Bank (\$25m) as well as raising more capital via placement to Alceon Group Pty Limited (Alceon) as another strategic investor in the Company, joining Macquarie Bank and Adcock Private Equity as shareholders.

This shift in business model, whilst delivering long term value and scalability for the Group, has not necessarily been reflected in the FY2018 results as the flow on effects will not be realised immediately. Whilst all key metrics for the Group are trending positively, revenue recognition in FY2018 does not immediately indicate the increased margins and revenue possible in the model going forward.

Wizr continued to deliver consistently strong credit quality, exceeding its targets for arrears and book performance, and continued to attract more prime customers to the Group, with Wizr customers having higher income and credit scores than the national average.

The refreshed strategy delivers a truly unique business model in the global fintech sector, with a focus on increasing margins for the Group, reducing the cost of customer acquisition, and leveraging the Group's technology and innovation to deliver more for every customer it interacts with.

Key initiatives in FY2018 included:

- Rebranding as Wizr in March 2018 to reflect the Group's focus on providing a smarter, fairer and wiser group of financial products and services;
- Increasing the personal loan limit from \$35,000 to \$50,000 to meet increased borrower demand;
- Increasing the margin and the ways the Group makes revenue, by increasing revenue-generating activities from two revenue lines in FY2017 to seven in FY2018;
- Ongoing investment in Wizr's proprietary technology platform to reduce acquisition costs and deliver faster, better credit decisions, resulting in more than 80% of the customer journey being fully automated;
- In keeping with its commitment to financial wellness and responsible lending, Wizr's credit decisioning engine is now well ahead of the compliance curve and the expected mandates resulting from the Banking Royal Commission;
- Expanded the Executive Leadership Team with the appointment of Mathew Lu from CBA Bank as Chief Operating Officer in May 2018;
- Developed Australia's first credit rating comparison site, WizrCredit.com.au, enabling consumers to check and compare multiple credit scores for the first time in Australia, and providing a new customer acquisition channel (launched August 2018);
- Developed Wizr app and began beta testing phase (full consumer launch in FY2019);
- Built and successfully piloted the Wizr@Work program, with a focus on financial wellness in the workplace, as a key growth initiative.

## **Review of operations (cont.)**

### Strategy (cont.)

Following the close of the financial year, Wizr significantly increased its introducer channels after its appointment to the panel of Connective, Australia's leading mortgage broker aggregator (July 2018). Together with other key broker aggregation partners, more than 50% of all finance brokers in Australia can now assist their clients with a Wizr personal loan.

Wizr continues to focus on building a profitable, scalable business by delivering beautiful customer experiences, world class tech and long term, Wizr-owned, partnership and product channels that attract prime customers to the Group.

Strategic priorities for FY2019 include:

- Further investment in the proprietary tech platform to support Company growth;
- Increasing revenue through new, complimentary revenue lines;
- Cost effective customer acquisition through the Wizr ecosystem of products;
- Customer growth through onboarding of major strategic partners into the Wizr@Work and Wizr&Co initiatives;
- Delivery of next generation Wizr credit decisioning engine as part of an ongoing commitment to responsible lending and fairer customer outcomes.

### Outlook

Recent data has shown that in the USA fintechs similar to Wizr have, as of 2018, taken a 36% share of the personal loan market, which provides a strong proof point in the growth potential for Wizr in Australia. Wizr sees regulatory changes and the impact of the Banking Royal Commission as an opportunity to increase market share among consumers seeking a fairer, more customer-centric approach to personal finance.

Wizr's market leading loan origination growth rate in FY2018 has continued into FY2019, with loan originations in the first two months of FY2019 already approximately matching the entire final quarter of FY2018, with August 2018 a record breaking largest month in the history of the Group. The Group is on track to pass \$50 million in cumulative total loans written in the coming weeks.

The launch of the Wizr App in late 2018 will deliver a truly customer centric, automated financial wellness solution to the Australian market to assist with paying down debt and is expected to become a key pillar of the Group going forward. This product, combined with the continued growth of WizrCredit and the Wizr@Work program will see important innovations built last year begin to deliver business value.

It is perfect timing for online lending in Australia. Having completed its business model transformation and recapitalisation as was promised, the Group is ideally positioned for long-term growth, with a truly unique suite of products and services that are tailored to the Wizr philosophy and commitment to our customers financial wellness as Australia's first neo-lender. Wizr is looking forward to delivering on its vision of creating a company of significant size and meaning in the Australian consumer finance sector.

## **Dividends**

There were no dividends declared or paid in the financial year.

## **Significant changes in state of affairs**

There were no significant changes in the state of affairs of the Group during the financial year.

## **Events since the end of the financial year**

On 31 August 2018, the Company completed a capital raise via a placement of 83,910,000 fully paid ordinary shares at an issue price of \$0.05 each for a total amount of \$4,195,500 (to be received in two tranches) to sophisticated and professional investors.

In May 2018, the Group completed a \$25 million wholesale funding agreement with Bendigo and Adelaide Bank Limited. As of the date of this report, the Group is in the process of completing the conditions precedent before the facility becomes fully operational.

## **Environmental matters**

The Group is not subject to any significant environmental regulations under Australian Commonwealth or State law.

**Wistr Limited**  
**Directors' report**  
**For the year ended 30 June 2018**

**Information on directors**

The names and details of the Company's directors in office during the financial year and until the date of this report are presented below.

John Nantes - Executive Chairman

Qualifications - LLB, B.Comm, B.A., Dip Financial Planning  
Experience - Mr Nantes has over 20 years of experience in Financial Services. Prior to being the Chief Executive Officer of Adcock Private Equity Pty Ltd, Mr Nantes was Group Head of Financial Services at Crowe Horwath, which held over \$10b in funds under management and was Australia's largest SMSF provider with over 10,000 funds. Mr Nantes has also been the CEO of Prescott Securities, a Stockbroking and Financial Planning business managing over \$2b in FUM, as well as the CEO of WHK Eastern Victoria, an accounting and specialist tax business. Mr Nantes has also held various Senior Executive roles in St George Bank and Colonial State Bank across retail, private banking and wealth management. Mr Nantes is also currently a non-executive director and responsible manager for Cashwerkz Pty Ltd, a financial services company.

Interest in shares and options as at 30 June 2018 - Ordinary shares held: 667,015  
Performance rights held: 12,000,000

Former directorships (last 3 years) - None

Other current directorships - Trustees Australia Limited (TAU:ASX)

Craig Swanger - Non-Executive Director

Qualifications - BCom (Hons), Graduate Diploma in Financial Markets  
Experience - Mr Swanger has over 20 years of experience in financial services. He was Executive Director of Macquarie Global Investments, responsible for managing around \$10bn in client funds across Asia, North America and Australia.

Mr Swanger has direct experience in structuring and raising funds from retail investors, including through managed funds, structured products and listed vehicles in several jurisdictions. He has extensive board experience, including Macquarie Bank's major funds management entity, Macquarie Investment Management Limited and a total of 15 internal external boards since 2003.

Mr Swanger was Chairman of 5 of the largest debt listed investment companies in Australia and New Zealand issued over the past decade, and more recently worked with Australia's largest corporate bond and securitization distribution specialists, FIIG Securities.

Interest in shares and options as at 30 June 2018 - Ordinary shares held: 636,364  
Performance rights held: 1,000,000

Former directorships (last 3 years) - None

Other current directorships - None

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Chris Whitehead - Non-Executive Director

Qualifications - BSc in Chemistry, Wharton Advanced Management Program, FAICD, F Fin  
Experience - Mr Whitehead has over 30 years' experience in financial services and technology, over a wide range of roles. He was formerly CEO of Credit Union Australia Limited (2009 to 2015) and CEO Retail Banking at BankWest (2001 to 2007). He has served as CIO at BankWest and Advance and prior to this worked within the IT industry. Chris has previously served as non-executive director for Cuscal Limited, St Andrews Insurance Group, Unisys West and a number of other financial services, technology and community organisations.

Interest in shares and options as at 30 June 2018 - Ordinary shares held: 200,000  
Performance rights held: 6,000,000

Former directorships (last 3 years) - None

Other current directorships - None

**Information on company secretaries**

Leanne Ralph

Qualifications - B.Bus, Graduate Diploma in Applied Corporate Governance  
Experience - Leanne is an experienced Company Secretary with over 15 years in this field, and holds this position for a number of ASX-listed entities. She was the founder of Boardworx Australia Pty Ltd, a business specialising in the provision of outsourced Company Secretarial services. Leanne is a Fellow of the Governance Institute of Australia, a Graduate Member of the Australian Institute of Directors and is a member of the Governance Institute of Australia's Corporate and Legal Issues Committee.

May Ho

Qualifications - LLB, B.Bus, Graduate Diploma in Applied Corporate Governance  
Experience - Miss Ho holds a Bachelor of Laws and Bachelor of Business (Accounting Major) degree and has completed a Graduate Diploma in Applied Corporate Governance. She is currently also Office Manager and Compliance Officer of the Group. Miss Ho has also had over 3 years' experience practicing as a solicitor in a private law firm in Sydney.

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**Directors' report**  
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**Indemnification and insurance of officers and auditors**

The Group has entered into agreements with the following to indemnify them against liabilities incurred in their capacity as an officer/director of the Group to the extent permitted by law:

- John Nantes
- Craig Swanger
- Chris Whitehead
- Peter Beaumont
- Leanne Ralph
- Stephen Porges
- Campbell McComb
- Winton Willesee
- Andrew McKay
- Robert Parton

During the financial year, the Group incurred a premium to insure the directors and officers of the Group. Disclosure of the nature of the liabilities covered and the amount of the premium payable is prohibited by the insurance contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

**Meetings of directors**

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Directors' Meetings		Remuneration and Nomination Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Nantes	12	12	-	-
Craig Swanger	12	12	2	2
Chris Whitehead	12	12	2	2

**Proceedings on behalf of the Company**

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

**Non-audit services**

BDO East Coast Partnership were appointed Company auditor on 20 May 2015 and will continue in office in accordance with section 327 of the Corporations Act 2001. The Company may decide to engage the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The following fees were paid or payable to BDO East Coast Partnership for non-audit services provided during the year ended 30 June 2018:

	\$
Taxation services	<u>4,850</u>

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.



**Wisir Limited**  
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**Non-audit services (cont.)**

The directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2018 has been received and can be found within the financial report.

**Performance rights**

At the date of this report, the unissued ordinary shares of Wisir Limited under performance rights are as follows:

Effective Grant Date	Date of Expiry	Exercise Price	Number under Performance Rights
18 November 2015	18 November 2018	Nil	1,500,000
17 November 2016	17 November 2019	Nil	17,500,000
7 August 2017	31 July 2019	Nil	3,203,781
7 August 2017	31 July 2020	Nil	3,203,781
			<hr/> 25,407,562 <hr/>

Performance rights holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

There have been no performance rights granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of performance rights issued to directors and executives as remuneration, refer to the remuneration report.

**Corporate governance statement**

Our Corporate Governance Statement is available on our website at: [www.wisir.com.au/About/Policies](http://www.wisir.com.au/About/Policies).

**Wistr Limited**  
**Directors' report**  
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**Remuneration report (audited)**

The Directors present Wistr Limited's 2018 remuneration report which sets out remuneration information for the Company's non-executive directors and other key management personnel.

The report contains the following sections:

- a) Key management personnel disclosed in this report
- b) Remuneration governance
- c) Service agreements
- d) Details of remuneration
- e) Equity instruments held by key management personnel
- f) Movement in performance rights
- g) Fair value of performance rights

**a) Key management personnel disclosed in this report**

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent Entity.

During the year ended 30 June 2018 and up to the date of this report, the following were classified as key management personnel:

<b>Name</b>	<b>Position</b>
John Nantes	Executive Chairman
Craig Swanger	Non-Executive Director
Chris Whitehead	Non-Executive Director
Anthony Nantes	Chief Executive Officer
Andrew Goodwin	Chief Financial Officer
Mathew Lu	Chief Operating Officer (KMP from 15 May 2018 to date)
Peter Beaumont	Chief Operating Officer (KMP until 15 May 2018)
David Doust	Executive Director of Wistr Finance Pty Ltd (retired 17 August 2017)

**b) Remuneration governance**

The Remuneration and Nominations Committee consists of Non-Executive Directors Chris Whitehead and Craig Swanger as members. The Remuneration and Nominations Committee has a Charter in place which specifies the authority delegated by the Board and to set out the role, responsibilities, membership and operation of the Committee.

The Remuneration and Nominations Committee ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage and alignment of executive compensation;
- transparency; and
- capital management.

**Remuneration report (cont.)**

**b) Remuneration governance (cont.)**

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation. Aligning to shareholders' interests, the framework:

- has economic profit as a core component;
- focuses on sustained growth in shareholder wealth as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives who receive a base salary (which is based on factors such as length of service and experience), superannuation, and performance incentives.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

**Company Performance**

Given the growth nature of the Company, the lack of profit and other key financial variables as shown in the table below, salary and the award of Performance Rights are made on the basis of each individual's contribution to their specific role in the Company to date and their expected importance to the future of the Company. Performance Rights were deemed to provide an appropriate performance incentive for each individual as applicable.

	<b>30 June 2018</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating revenue</b>	1.591m	1.160m	1.237m
<b>Loss</b>	(6.208m)	(5.432m)	(8.754m)
<b>Dividend</b>	nil	nil	nil
<b>Cash balance</b>	1.549m	3.479m	1.265m
<b>Share price</b>	\$0.02	\$0.03	\$0.05

**Non-executive directors**

Non-executive director remuneration was designed to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was adopted by a special resolution passed at the Annual General Meeting held on 24 November 2006 when shareholders approved an aggregate remuneration of up to a maximum of \$500,000 per year.

The aggregate remuneration is reviewed annually. The remuneration for non-executive directors is comprised of cash, superannuation contributions and performance rights.

**Retirement allowances for non-executive directors**

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

**CEO remuneration**

The remuneration aspects of the contract for the CEO aims to reward the CEO with a level and mix of remuneration commensurate with the position and responsibilities within the Company and so as to:

- align the interests of the CEO with those of the shareholders; and
- ensure total remuneration is competitive by market standards.

The Remuneration and Nominations Committee assesses the appropriateness of the nature and amount of remuneration of the CEO on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality CEO.

## Remuneration report (cont.)

### b) Remuneration governance (cont.)

#### Fixed remuneration

The level of fixed remuneration for the CEO is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. The CEO receives fixed remuneration by way of salary and company superannuation payments.

#### Other employees' remuneration

The Company aims to reward employees with a level of remuneration commensurate with their position and responsibilities within the Company and so as to ensure total remuneration is competitive by market standards. The CEO makes assessments and recommendations to the Board regarding employee remuneration.

#### Retirement benefits

No executives have entered into employment agreements that provide additional retirement benefits.

### c) Service agreements

The remuneration agreements of key management personnel as at 30 June 2018 are set out below:

KMP	Position held as at 30 June 2018 and any change during the year	Contract details (duration and termination)	Agreed gross cash salary per annum incl. superannuation \$
Mr J Nantes	Executive Chairman	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	100,000
Mr C Swanger	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	60,000
Mr C Whitehead	Non-executive director	No determined duration – subject to retirement and re-election rules of the Company's constitution. No notice required to terminate.	60,000
Mr A Nantes	Chief Executive Officer	No fixed term. 6 months' notice to terminate.	273,750
Mr A Goodwin	Chief Financial Officer	No fixed term. 3 months' notice to terminate.	240,900
Mr M Lu	Chief Operating Officer (from 15 May 2018)	No fixed term. 1 months' notice to terminate	200,000
Mr P Beaumont	Chief Operating Officer (up until 15 May 2018)	No fixed term. 3 months' notice to terminate.	200,000
Mr D Doust	Executive director of Wistr Finance Pty Ltd (retired 17 August 2017)	No fixed term. 1 months' notice to terminate.	191,625

**Remuneration report (cont.)**

**c) Service agreements (cont.)**

In addition to the above salary based compensation, the following key management personnel have been granted performance rights to align their compensation with the performance of the Company, as reflected in its share price. Performance rights are granted in tranches and are linked to increasing share prices over designated periods, as per the following table:

<b>KMP</b>	<b>Share price target *</b>	<b>6 cents</b>	<b>12 cents</b>	<b>18 cents</b>	<b>25 cents</b>	<b>35 cents</b>	<b>50 cents</b>
Mr J Nantes	No. of performance rights that will vest	4,000,000	4,000,000	4,000,000	-	-	-
	Minimum period to remain a director after re-admission	None	12 months from 17 Nov 2016	24 months from 17 Nov 2016	N/A	N/A	N/A
	Date performance rights lapse if conditions not met	17 Nov 2019	17 Nov 2019	17 Nov 2019	N/A	N/A	N/A
Mr C Swanger	No. of performance rights that will vest	333,333	333,333	333,334	-	-	-
	Minimum period to remain a director after re-admission	None	12 months from 17 Nov 2016	24 months from 17 Nov 2016	N/A	N/A	N/A
	Date performance rights lapse if conditions not met	17 Nov 2019	17 Nov 2019	17 Nov 2019	N/A	N/A	N/A
Mr C Whitehead	No. of performance rights that will vest	1,500,000	1,500,000	1,500,000	500,000	500,000	500,000
	Minimum period to remain a director after re-admission	None	12 months from 17 Nov 2016	24 months from 17 Nov 2016	None	12 months from 13 Jul 2015	12 months from 13 Jul 2015
	Date performance rights lapse if conditions not met	17 Nov 2019	17 Nov 2019	17 Nov 2019	18 Nov 2018	18 Nov 2018	18 Nov 2018
Mr P Beaumont	No. of performance rights that will vest	-	-	-	560,000	1,120,000	1,120,000
	Minimum period to remain an employee after re-admission	N/A	N/A	N/A	None	12 months from 13 Jul 2015	24 months from 13 Jul 2015
	Date performance rights lapse if conditions not met	N/A	N/A	N/A	4 Sep 2018	4 Sep 2018	4 Sep 2018

\* The Performance Rights will be issued and will vest in tranches based on the volume weighted average price at or above the hurdle price for at least ten consecutive trading days. In addition, the term hurdle must be met.

**Remuneration report (cont.)**

**d) Details of remuneration**

The following table of benefits and payment details, in respect to the financial year, represents the components of remuneration for each member of the key management personnel of the Group:

	Short term benefits		Post employment benefits	Long-term benefits	Share based payments			
	Cash salary, fees & short-term compensated absences	Short-term incentive schemes	Super-annuation	Long service leave	Performance Rights	Shares	Total	% Performance Related
	\$	\$	\$	\$	\$	\$	\$	
<b>Directors (2018)</b>								
John Nantes	91,324	-	8,676	-	9,493	-	109,493	8.67
Craig Swanger	54,795	-	5,205	-	791	-	60,791	1.30
Chris Whitehead	54,795	-	5,205	-	3,615	-	63,615	5.68
<b>Total:</b>	<b>200,914</b>	<b>-</b>	<b>19,086</b>	<b>-</b>	<b>13,899</b>	<b>-</b>	<b>233,899</b>	
<b>Executives (2018)</b>								
Anthony Nantes	250,000	95,890	32,860	-	-	255,079	633,829	56.81
Andrew Goodwin	210,000	-	19,950	-	-	209,082	439,032	47.62
Mathew Lu	23,728	-	2,254	-	-	-	25,982	-
Peter Beaumont <sup>1</sup>	159,817	-	15,183	-	337	63,119	238,456	26.61
David Doust <sup>2</sup>	31,857	-	2,160	-	-	-	34,017	-
<b>Total:</b>	<b>675,402</b>	<b>95,890</b>	<b>72,407</b>	<b>-</b>	<b>337</b>	<b>527,280</b>	<b>1,371,316</b>	
<b>Directors (2017)</b>								
John Nantes	85,413	-	8,114	-	84,857	-	178,384	47.57
Craig Swanger	50,989	-	4,844	-	10,656	-	66,489	16.03
Chris Whitehead	50,989	-	4,844	-	33,767	-	89,600	37.69
Stephen Porges <sup>3</sup>	22,352	-	2,123	-	2,565	-	27,040	9.48
<b>Total:</b>	<b>209,743</b>	<b>-</b>	<b>19,925</b>	<b>-</b>	<b>131,845</b>	<b>-</b>	<b>361,513</b>	
<b>Executives (2017)</b>								
Anthony Nantes	151,096	27,397	16,957	-	-	202,431	397,881	57.74
Peter Beaumont	180,871	27,397	19,785	-	11,167	100,000	339,220	40.85
Andrew Goodwin	33,333	-	3,167	-	-	24,343	60,843	40.01
David Doust	184,591	-	16,625	-	-	-	201,216	-
<b>Total:</b>	<b>549,891</b>	<b>54,794</b>	<b>56,534</b>	<b>-</b>	<b>11,167</b>	<b>326,774</b>	<b>999,160</b>	

1. KMP up until 15 May 2018.

2. Retired 17 August 2017.

3. Resigned from directorship on 8 November 2016.

Further details of performance-related remuneration paid or accrued for FY2018 in respect of specific key management personnel are discussed below:

- *Mr A Nantes*

In January 2018, Mr Nantes was awarded a short-term incentive comprised of \$27,397 (excl. superannuation) in cash and a grant of shares in the Company totalling \$59,255 (being 0.5% of the market capital value of the Company as at the opening of trading on the first business day after 31 December 2017) for new book growth, approved by the Board, of \$5 million by 31 December 2017.

**Remuneration report (cont.)**

Subject to Board determination, a grant of shares of a value equal to 0.5% of the market capital value of the Company as at the opening of trading on the first business day after 30 June 2018 may also be awarded for securing a lending facility, approved by the Board, of \$10 million by 30 June 2018. An amount of \$50,095 has been accrued in respect of this incentive for FY2018.

Subject to Board determination, a grant of shares of a value equal to 0.5% of the market capital value of the Company as at the opening of trading on the first business day after 30 June 2018 may also be awarded for achieving new book growth, approved by the Board, of \$10 million by 30 June 2018. An amount of \$50,095 has been accrued in respect of this incentive for FY2018.

Subject to Board determination and based on the achievement of KPI targets, a short-term cash incentive of \$75,000 (incl. superannuation) may also be awarded and has been accrued for FY2018.

Subject to Board determination on outcomes achieved for FY2018, a share based long-term incentive equal to 1% of the market capital value of the Company as at 30 June 2018, up to a maximum value of 200% of total remuneration may also be payable to Mr Nantes in the next financial year. An amount of \$95,635 has been accrued in respect of this incentive for FY2018.

- *Mr P Beaumont*

Subject to board determination, a share based long-term incentive equal to 1% of the market capital value of the Company as at 30 June 2018, up to a maximum value of 50% of total remuneration or \$100,000, whichever is the lesser, may also be awarded to Mr Beaumont in the next financial year. An amount of \$63,119 has been accrued in respect of this incentive for FY2018.

- *Mr A Goodwin*

Subject to the achievement of agreed KPI targets, a share based long-term incentive to a maximum value of \$200,000 for each of the financial years to 30 June 2018 may be awarded to Mr Goodwin in the next financial year. An amount of \$200,000 has been accrued in respect of this incentive for FY2018.

Other short-term and long-term incentives established in the year for the above KMPs are set out in Note 22 of the financial report.

Performance conditions set for KMP short-term and long-term incentives (as discussed above and in Note 22 of the financial report) align the KMP interests with the outcomes for shareholders, customers, and staff. The achievement of these performance conditions support the growth of company value whilst providing KMPs with remuneration packages that are above market rates relative to peer roles. Conversely, an underperformance of goals expose KMPs to a level of financial risk where their remuneration packages become well below market rates.

**Wisir Limited**  
**Directors' report**  
**For the year ended 30 June 2018**

**e) Equity instruments held by key management personnel**

The table below shows the number of ordinary shares in the Company held by key management personnel.

	Balance at the start of the year	Received as compensation	Received on exercise of options or rights	Other changes during the year	Balance at end of the year
<b>Directors (2018)</b>					
John Nantes	667,015	-	-	-	667,015
Craig Swanger	-	-	-	636,364	636,364
Chris Whitehead	200,000	-	-	-	200,000
<b>Total:</b>	<b>867,015</b>	<b>-</b>	<b>-</b>	<b>636,364</b>	<b>1,503,379</b>
<b>Executives (2018)</b>					
Anthony Nantes	2,288,401	2,194,625	-	5,338	4,488,364
Andrew Goodwin	-	-	-	-	-
Mathew Lu	-	-	-	-	-
Peter Beaumont <sup>1</sup>	150,000	-	-	-	150,000
David Doust <sup>2</sup>	28,967,470	-	-	(8,352,747)	20,614,723
<b>Total:</b>	<b>31,405,871</b>	<b>2,194,625</b>	<b>-</b>	<b>(8,347,409)</b>	<b>25,253,087</b>
<b>Directors (2017)</b>					
John Nantes	-	-	-	667,015	667,015
Craig Swanger	-	-	-	-	-
Chris Whitehead	-	-	-	200,000	200,000
Stephen Porges <sup>3</sup>	3,557,400	-	-	-	3,557,400
<b>Total:</b>	<b>3,557,400</b>	<b>-</b>	<b>-</b>	<b>867,015</b>	<b>4,424,415</b>
<b>Executives (2017)</b>					
Anthony Nantes	249,744	2,038,657	-	-	2,288,401
Peter Beaumont	50,000	-	-	100,000	150,000
Andrew Goodwin	-	-	-	-	-
David Doust	28,967,470	-	-	-	28,967,470
<b>Total:</b>	<b>29,267,214</b>	<b>2,038,657</b>	<b>-</b>	<b>100,000</b>	<b>31,405,871</b>

1. KMP up until 15 May 2018.

2. Retired 17 August 2017.

3. Resigned from directorship on 8 November 2016.



**Wisir Limited**  
**Directors' report**  
**For the year ended 30 June 2018**

**Remuneration report (cont.)**

**f) Movement in performance rights**

The table below provides the number of performance rights held by Key Management Personnel at 30 June 2017 and 30 June 2018.

Name	Rights held at 30 June 2017	Rights granted during FY18	Rights exercised during FY18	Rights lapsed during FY18	Rights held as at 30 June 2018	Vested at 30 June 2018 *				
	Number	Number	Number	Number	Number	Number				
Directors (2018)						Not exercisable	Exercisable	% Vested	% Forfeited	% Available for vesting
J Nantes *	12,000,000	-	-	-	12,000,000	8,000,000	-	67	-	33
C Swanger *	6,000,000	-	-	(5,000,000)	1,000,000	666,666	-	11	83	6
C Whitehead *	6,000,000	-	-	-	6,000,000	4,500,000	-	75	-	25
<b>Total:</b>	<b>24,000,000</b>	<b>-</b>	<b>-</b>	<b>(5,000,000)</b>	<b>19,000,000</b>	<b>13,166,666</b>	<b>-</b>			
<b>Executives (2018)</b>										
A Nantes	-	-	-	-	-	-	-	-	-	-
A Goodwin	-	-	-	-	-	-	-	-	-	-
M Lu	-	-	-	-	-	-	-	-	-	-
P Beaumont *	2,800,000	-	-	-	2,800,000	2,800,000	-	100	-	-
D Doust	-	-	-	-	-	-	-	-	-	-
<b>Total:</b>	<b>2,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,800,000</b>	<b>2,800,000</b>	<b>-</b>			

\* These Performance Rights will automatically vest and exercise for nil consideration on satisfaction of the Vesting Conditions.

The Vesting Conditions for the Performance Rights are:

- 1) The holder being a director/employee of the Company as at the relevant vesting determination dates specified in table g) below; and
- 2) The relevant volume weighted average price (VWAP) of the Company's ordinary shares is at least the price specified in table g) below for a period of 10 consecutive trading days.

Remuneration report (cont.)

g) Fair value of performance rights

Performance Rights granted				Vesting Conditions		Expiry date
	Number	Effective grant date	Fair Value per right at effective grant date (\$)	Earliest vesting determination date	VWAP Share Price condition (\$)	
Directors (2018) ***						
J Nantes **	4,000,000	17 Nov 2016	0.018057	17 Nov 2016	0.06	17 Nov 2019
	4,000,000	17 Nov 2016	0.004459	17 Nov 2017	0.12	17 Nov 2019
	4,000,000	17 Nov 2016	0.001326	17 Nov 2018	0.18	17 Nov 2019
C Swanger **	333,333	17 Nov 2016	0.018057	17 Nov 2016	0.06	17 Nov 2019
	333,333	17 Nov 2016	0.004459	17 Nov 2017	0.12	17 Nov 2019
	333,334	17 Nov 2016	0.001326	17 Nov 2018	0.18	17 Nov 2019
C Whitehead **	500,000	18 Nov 2015	0.031128	18 Nov 2015	0.25	18 Nov 2018
	500,000	18 Nov 2015	0.014440	13 Jul 2016	0.35	18 Nov 2018
	500,000	18 Nov 2015	0.005125	13 Jul 2017	0.50	18 Nov 2018
	1,500,000	17 Nov 2016	0.018057	17 Nov 2016	0.06	17 Nov 2019
	1,500,000	17 Nov 2016	0.004459	17 Nov 2017	0.12	17 Nov 2019
	1,500,000	17 Nov 2016	0.001326	17 Nov 2018	0.18	17 Nov 2019
Executives (2018)						
A Nantes	-	-	-	-	-	-
A Goodwin	-	-	-	-	-	-
M Lu	-	-	-	-	-	-
P Beaumont **	560,000	4 Sep 2015	0.067623	4 Sep 2015	0.25	4 Sep 2018
	1,120,000	4 Sep 2015	0.036867	13 Jul 2016	0.35	4 Sep 2018
	1,120,000	4 Sep 2015	0.015677	13 Jul 2017	0.50	4 Sep 2018
D Doust	-	-	-	-	-	-

\*\* These Performance Rights will automatically vest and exercise for nil consideration on satisfaction of the Vesting Conditions.

The Vesting Conditions for the Performance Rights are:

- 1) The holder being a director/employee of the Company as at the relevant vesting determination dates specified in the table; and
- 2) The relevant volume weighted average price (VWAP) of the Company's ordinary shares is at least the price specified in the table for a period of 10 consecutive trading days.

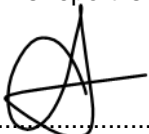
The total fair value of above rights at grant date issued to key management personnel is \$261,143. The value of rights granted during the period differs to the expense recognised as part of each key management person's remuneration in table d) above because this value is the grant date fair value calculated in accordance with *AASB 2 Share Based Payment*.

**Wistr Limited**  
**Directors' report**  
**For the year ended 30 June 2018**

**Remuneration report (cont.)**

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, consisting of a large, stylized 'C' and 'S' intertwined, with a horizontal line extending to the right.

.....  
Craig Swanger  
Director  
Sydney  
28 September 2018

## DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF WISR LIMITED

As lead auditor of Wizr Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Wizr Limited and the entities it controlled during the period.



Arthur Milner  
Partner

**BDO East Coast Partnership**

Sydney, 28 September 2018

**Wistr Limited**  
**Financial report**

**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2018**

	<b>Note</b>	<b>Consolidated 2018 \$</b>	<b>2017 \$</b>
<b>Revenue</b>	2	1,590,690	1,160,153
Other income	3	231,514	370,914
<b>Expenses</b>			
Employee benefits expense		(4,328,556)	(3,317,171)
Depreciation and amortisation expense		(23,922)	(12,124)
Other expenses		(3,105,284)	(2,500,204)
Finance costs		(41,596)	(72,713)
Share based payment expense	29	(530,712)	(1,060,528)
<b>Loss before income tax</b>	4	(6,207,866)	(5,431,673)
Income tax expense		-	-
<b>Loss after income tax for the year</b>		(6,207,866)	(5,431,673)
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>(6,207,866)</u>	<u>(5,431,673)</u>
<b>Loss for the year is attributable to:</b>			
Owners of Wistr Limited		<u>(6,207,866)</u>	<u>(5,431,673)</u>
<b>Total comprehensive income for the year is attributable to:</b>			
Owners of Wistr Limited		<u>(6,207,866)</u>	<u>(5,431,673)</u>
<b>Earnings per share for loss attributable to the owners of Wistr Limited</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	26	(1.4)	(1.4)
Diluted earnings per share	26	(1.4)	(1.4)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Wisor Limited**  
**Financial report**

**Statement of financial position**  
**As at 30 June 2018**

	<b>Note</b>	<b>Consolidated 2018 \$</b>	<b>2017 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,548,888	3,479,300
Loan receivables	6	884,509	1,727,404
Trade and other receivables	7	326,242	67,727
Other assets	8	553,458	287,054
<b>Total current assets</b>		<b>3,313,097</b>	<b>5,561,485</b>
<b>Non-current assets</b>			
Loan receivables	6	2,745,745	4,711,974
Property, plant and equipment	9	41,168	65,516
Available-for-sale financial assets	10	518,000	500,000
<b>Total non-current assets</b>		<b>3,304,913</b>	<b>5,277,490</b>
<b>Total assets</b>		<b>6,618,010</b>	<b>10,838,975</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	1,346,009	783,918
Employee benefits	12	240,389	180,620
Convertible notes	13	373,000	672,000
<b>Total current liabilities</b>		<b>1,959,398</b>	<b>1,636,538</b>
<b>Total liabilities</b>		<b>1,959,398</b>	<b>1,636,538</b>
<b>Net assets</b>		<b>4,658,612</b>	<b>9,202,437</b>
<b>Equity</b>			
Issued capital	14	29,323,980	28,604,725
Reserves	15	1,900,051	1,394,508
Accumulated losses	15	(26,565,419)	(20,796,796)
<b>Total equity</b>		<b>4,658,612</b>	<b>9,202,437</b>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Wisir Limited**  
**Financial report**

**Statement of changes in equity**  
**For the year ended 30 June 2018**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2016	22,409,803	819,894	(15,365,123)	7,864,574
Loss after income tax expense for the year	-	-	(5,431,673)	(5,431,673)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,431,673)	(5,431,673)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	5,702,641	-	-	5,702,641
Costs of capital raising	(320,406)	-	-	(320,406)
Share based payments	812,687	574,614	-	1,387,301
Balance at 30 June 2017	<u>28,604,725</u>	<u>1,394,508</u>	<u>(20,796,796)</u>	<u>9,202,437</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2017	28,604,725	1,394,508	(20,796,796)	9,202,437
Loss after income tax expense for the year	-	-	(6,207,866)	(6,207,866)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(6,207,866)	(6,207,866)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	600,000	-	-	600,000
Share based payments (Note 15 (b))	119,255	944,786	-	1,064,041
Transfer of reserve to accumulated losses	-	(439,243)	439,243	-
Balance at 30 June 2018	<u>29,323,980</u>	<u>1,900,051</u>	<u>(26,565,419)</u>	<u>4,658,612</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Wisir Limited**  
**Financial report**

**Statement of cash flows**  
**For the year ended 30 June 2018**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net of lending and repayments	(14,885,009)	(75,428)
Net proceeds from sale of loans	18,859,853	1,858,621
Payments to suppliers and employees	(6,297,173)	(4,951,501)
	<u>(2,322,329)</u>	<u>(3,168,308)</u>
Interest received	42,877	45,476
Management fees received	168,191	92,746
Interest and other finance costs paid	(43,601)	(74,598)
Proceeds from R&D tax incentive	<u>-</u>	<u>365,547</u>
Net cash used in operating activities	25 <u>(2,154,862)</u>	<u>(2,739,137)</u>
<b>Cash flows from investing activities</b>		
Payments for investments	(18,000)	-
Payments for property, plant and equipment	<u>-</u>	<u>(73,093)</u>
Net cash used in investing activities	<u>(18,000)</u>	<u>(73,093)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	600,000	5,702,641
Costs of raising capital paid	-	(320,406)
Repayment of convertible notes	(299,000)	(328,000)
Transaction costs related to loans and borrowings	<u>(58,550)</u>	<u>(27,500)</u>
Net cash provided by financing activities	<u>242,450</u>	<u>5,026,735</u>
Net (decrease) / increase in cash and cash equivalents	(1,930,412)	2,214,505
Cash and cash equivalents at the beginning of the financial year	<u>3,479,300</u>	<u>1,264,795</u>
Cash and cash equivalents at the end of the financial year	<u><u>1,548,888</u></u>	<u><u>3,479,300</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*



**Notes to the financial statements**  
**For the year ended 30 June 2018**

The consolidated financial statements of Wistr Limited (the Company) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 28 September 2018. The directors have the power to amend and revise the financial report.

The consolidated financial statements and notes represent those of Wistr Limited and its controlled entities (the Group).

Wistr Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

**Note 1. Summary of significant accounting policies**

**a. Basis of preparation**

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

*i) Going concern*

These financial statements have been prepared under a going concern basis.

The Directors believe that the Group will have sufficient resources to pay its debts and meet its commitments for at least the next 12 months from the date of this financial report due to the Group having:

- strong cash reserves boosted by the successful capital raise it completed on 31 August 2018 (see Note 21); and
- wholesale funding arrangements for future loan originations, both of which support its operational commitments.

*ii) New and revised accounting standards and interpretations*

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

*iii) New accounting standards for application in future periods*

Discussed below are certain new accounting standards and interpretations which have been published but are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Group. The Group has not yet fully assessed the potential impact of these new accounting standards and interpretations.

*AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).*

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments requirements for financial instruments and hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Although the Group doesn't currently hedge, should the entity elect to change its hedge policies in line with the new

**Notes to the financial statements**  
**For the year ended 30 June 2018**

*iv) New accounting standards for application in future periods (cont.)*

*AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018) (cont.)*

hedge accounting requirements of the Standard, the application of such accounting would be largely prospective. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the Group.

*AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).*

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Group have not yet started their assessment of the impact of AASB 15 on the financial statements. It is impracticable at this stage to provide a reasonable estimate of such impact.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

*AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's financial statements.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**b. Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of the Company and all subsidiaries as at 30 June 2018, and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of 100% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company, less any impairment charges.

**c. Income tax**

The income tax expense or benefit for the period is the tax payable / refundable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities, attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Wissr Limited and its wholly owned controlled entities have implemented the tax consolidation legislation as of 1 January 2004.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**c. Income tax (cont.)**

The head entity, Wistr Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Wistr Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

**d. Share based payments**

The Company provides benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or performance rights (equity-settled transactions).

The cost of the transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions). The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to exercise the rights (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of rights that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. Where the terms of an equity-settled option are modified, at a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

**e. Foreign currency transactions and balances**

*Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Wistr Limited's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised through profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

**f. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**f. Revenue recognition (cont.)**

*i) Interest income*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*ii) Loan establishment fees*

Loan establishment fees are deferred and recognised as an adjustment to the effective interest rate as these fees are an integral part of generating an involvement with the resulting financial instrument.

*iii) Government grants*

Government grants revenue is recognised at fair value when there is reasonable assurance that the grant will be received and the grant conditions will be met.

**g. Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and as a minimum, annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**h. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**i. Property, plant and equipment**

All property, plant and equipment are initially measured at cost and are depreciated over their useful lives on a straight-line basis. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives used for each class of depreciable assets are as follows:

<b>Class of Asset</b>	<b>Useful Life</b>
Plant and equipment	2-5 years

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

**j. Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred on a straight line basis.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**k. Financial instruments**

*Recognition and initial measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

*De-recognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

*Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

*i) Financial Assets at Fair Value through Profit or Loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

*ii) Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised,

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**k. Financial instruments (cont.)**

*ii) Available-for-sale investments (cont.)*

the cumulative gain or loss pertaining to that to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

*iii) Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

*iv) Financial Liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

*v) Trade and Other Payables*

Due to their short term nature trade and other payables are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

*Impairment*

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the consolidated entity recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events have occurred are duly considered.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**l. Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the statement of profit or loss and other comprehensive income.

*Fair value estimation*

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Unless otherwise disclosed in the notes to the financial statements, the carrying amount of the Group's financial instruments approximates their fair value.

**m. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities.

**n. Contributed equity**

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares or options are expensed as incurred.

**o. Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**p. Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.



**Notes to the financial statements**  
**For the year ended 30 June 2018**

**q. Parent entity financial information**

The financial information for the parent entity, Wisir Limited, has been prepared on the same basis as the consolidated financial statements, except that investments in subsidiaries are accounted for at cost net of impairment in the parent financial statements.

**r. Employee benefits**

Provision is made for the Group's obligation for employee benefits arising from services rendered by employees to the end of the reporting period. Short term employee benefits are benefits (other than termination benefits and equity compensation benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and personal leave. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled, plus any related costs.

**s. Critical accounting estimates and judgments**

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Key estimates*

*Impairment of loan receivables*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers.

Recoverable amounts are estimated using historical amounts received as consideration for sale of impaired loans to factoring organisations and recoveries from court judgments.

Refer to Note 1. k. for further detail on the treatment of impairment of loan receivables.

**t. Fair value measurements**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**t. Fair value measurements (cont.)**

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- available-for-sale financial assets.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

**(a) Fair Value Hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation techniques**

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**Wistr Limited**  
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**Notes to the financial statements**  
**For the year ended 30 June 2018**

**t. Fair value measurements (cont.)**

**(b) Valuation techniques and inputs used to measure Level 2 fair values**

<b>Description</b>	<b>Fair Value at 30 June 2018 \$000</b>	<b>Valuation Technique(s)</b>	<b>Inputs Used</b>
<i>Financial assets</i>			
Investment in DirectMoney Personal Loan Fund (Fund)	518	Market approach using monthly valuation reports provided by Fund's Investment Manager and Fund's Administrator.	Monthly valuation report provided Fund's Investment Manager and Fund's Administrator.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

**u. Research & development expenditure**

Research and development costs are charged to the statement of profit or loss and other comprehensive income as incurred, or deferred where it is probable that sufficient future benefits will be derived so as to recover those deferred costs.

**Wisor Limited**  
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**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 2. Revenue**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Effective interest income on financial assets	1,129,821	859,725
Other revenue from financial assets	417,485	251,971
Interest on cash	6,282	10,179
Interest from investments	37,102	38,278
	<u>1,590,690</u>	<u>1,160,153</u>
Revenue		

**Note 3. Other income**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
R&D tax incentive	223,264	365,547
Rental income	8,250	5,367
	<u>231,514</u>	<u>370,914</u>
Other income		

**Note 4. Expenses**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Losses from ordinary activities before income tax includes the following other specific expenses:		
<i>Property lease costs</i>	<u>129,320</u>	<u>127,227</u>
<i>Superannuation expense</i>	<u>298,277</u>	<u>238,221</u>
<i>Marketing costs</i>	<u>1,521,198</u>	<u>640,523</u>
<i>Legal expenses</i>	<u>29,745</u>	<u>197,799</u>
<i>Write off of loan assets</i>		
Doubtful debts expense	(107,598)	32,028
Bad debt expense	187,560	278,871
Loss on sale of loan assets	-	78,966
	<u>79,962</u>	<u>389,865</u>

**Note 5. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	<u>1,548,888</u>	<u>3,479,300</u>

*Reconciliation to cash and cash equivalents at the end of the financial year*

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balance as above	1,548,888	3,479,300
Balance as per statement of cash flows	1,548,888	3,479,300

**Wistr Limited**  
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**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 6. Loan receivables**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Loan receivables	984,740	1,839,049
Less: provision for impairment of receivables	<u>(100,231)</u>	<u>(111,645)</u>
	<u>884,509</u>	<u>1,727,404</u>
<i>Non-current</i>		
Loan receivables	2,849,241	4,911,654
Less: provision for impairment of receivables	<u>(103,496)</u>	<u>(199,680)</u>
	<u>2,745,745</u>	<u>4,711,974</u>

Loan receivables comprise of personal loans between \$5,000 to \$50,000 with an interest range between 8.50% to 22.75%. The personal loans are repayable within the ranges of 3 to 5 years.

The fair value of the loan receivables is considered to approximate the carrying value.

*Movements in the provision for impairment of receivables were as follows:*

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Opening balance	311,325	279,297
Doubtful debts provision raised	30,697	282,095
Bad debts written off	(138,295)	(190,175)
Delinquent loans sold	-	(59,892)
Closing balance	<u>203,727</u>	<u>311,325</u>

**Note 7. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Accrued interest on loan receivables	52,679	49,538
Accrued management fee income	42,011	-
Other accrued income	231,552	13,281
Trade receivables	<u>-</u>	<u>4,908</u>
	<u>326,242</u>	<u>67,727</u>

**Note 8. Other assets**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Prepayments	187,733	18,846
Deposits	26,333	26,333
Cash held in trust	<u>339,392</u>	<u>241,875</u>
	<u>553,458</u>	<u>287,054</u>

**Note 9. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment, at cost	79,280	81,924
Less: accumulated depreciation	<u>(38,112)</u>	<u>(16,408)</u>
	<u>41,168</u>	<u>65,516</u>

**Wistr Limited**  
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**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 10. Available-for-sale financial assets**

	<b>Consolidated</b>	<b>2017</b>
	<b>2018</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current</i>		
Investment in DirectMoney Personal Loan Fund	518,000	500,000

The Group has invested \$518,000 into the DirectMoney Personal Loan Fund. The DirectMoney Personal Loan Fund is a registered managed investment scheme where investors' money is pooled and invested into unsecured personal loans acquired from Wistr Finance Pty Ltd. The investment is classified as available for sale in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

**Note 11. Trade and other payables**

	<b>Consolidated</b>	<b>2017</b>
	<b>2018</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Trade payables	744,518	232,057
Sundry payables	255,407	204,297
Accrued expenses	259,248	279,806
Superannuation payable	86,836	67,758
	<u>1,346,009</u>	<u>783,918</u>

**Note 12. Employee benefits**

	<b>Consolidated</b>	<b>2017</b>
	<b>2018</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Provision for annual leave	240,389	180,620

**Note 13. Convertible notes and interest bearing liabilities**

As of 30 June 2018, Wistr Marketplace Limited had \$373,000 (2017: \$672,000) of convertibles notes on issue that are secured against identified loans within Wistr Marketplace Limited's balance sheet. The carrying value of the loans pledged as security as of 30 June 2018 was \$286,274. The holders have recourse to these loans and a distribution of interest based on the gross return of the loans less a 4% loss reserve and 1.5% servicing fee.

These notes are currently in a rundown phase where holders receive periodic repayments of principal on the note based on the total principal repayments received from the loans secured against the note.

**Note 14. Issued capital**

	<b>Consolidated</b>	<b>2017</b>
	<b>2018</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	29,644,386	28,925,131
Costs of raising capital	(320,406)	(320,406)
	<u>29,323,980</u>	<u>28,604,725</u>

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on show of hands.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 14. Issued capital (cont.)**

	<b>2018</b>		<b>2017</b>	
	<b>Number of shares</b>	<b>\$</b>	<b>Number of shares</b>	<b>\$</b>
<b>(b) Reconciliation of issued and paid-up capital</b>				
Opening balance as at 1 July	436,925,084	28,604,725	271,954,175	22,409,803
Issue of shares from rights issue	-	-	135,777,153	5,702,641
Costs of raising capital	-	-	-	(320,406)
Issue of shares as payment of funder fees	2,000,000	60,000	27,155,099	741,334
Issue of shares to CEO as part of short term incentive	2,194,625	59,255	2,038,657	71,353
Issue of shares to Alceon	14,285,715	600,000	-	-
Closing Balance as at 30 June	455,405,424	29,323,980	436,925,084	28,604,725

**(c) Performance rights**

As at 30 June 2018, there were a total of 37,082,562 (2017: 37,175,000) performance rights outstanding.

The Group has also awarded its staff an offer to participate in the Group's Long Term Incentive Plan (LTIP) in the form of performance rights and link to KPIs for the period 1 July 2017 to 30 June 2018. From an accounting perspective, these performance rights have been granted. However, the Board is currently assessing performance against KPIs in order to determine the final grant amount. There are also future share price hurdles for granted performance rights to vest. See Note 29(a)(i) of the Financial Report for more details.

Under the Company's Performance Rights Plan, these performance rights were issued at no cost to the recipients and represent a right to one ordinary share in the Company in the future for no consideration, subject to satisfying the performance conditions and compliance with the rules of the Plan.

**(d) Capital management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

The Group's objectives when managing capital are to maximize shareholder value and to maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders. Management gives particular regard to conservation of liquidity in its recommendations as to the declaration of dividends. There were no dividends declared in the year.

**Note 15. Equity – reserves and accumulated losses**

**(a) Employee equity benefits reserve**

The employee equity benefits reserve records items recognised as expenses on valuation of employee performance rights and accrual of employee short-term and long-term incentives.

**(b) Other share based payments reserve**

The other share based payments reserve records funding expenses accrued and are expected to be paid in the form of shares.

Notes to the financial statements  
For the year ended 30 June 2018

Note 15. Equity – reserves and accumulated losses (cont.)

	Employee equity benefits reserve	Other share based payments reserve	Total
	\$	\$	\$
<b>Movement in reserves:</b>			
<b>At 1 July 2016</b>	819,894	-	819,894
Share based payments expense	421,488	153,126	574,614
<b>At 30 June 2017</b>	1,241,382	153,126	1,394,508
Share based payments expense	571,535	373,251	944,786
Transfer from reserve to retained earnings	(439,243)	-	(439,243)
<b>At 30 June 2018</b>	1,373,674	526,377	1,900,051

	Consolidated 2018	2017
	\$	\$
<b>Accumulated losses:</b>		
Opening balance	(20,796,796)	(15,365,123)
Total loss after income tax for the year	(6,207,866)	(5,431,673)
Transfer from reserve to retained earnings	439,243	-
<b>Total</b>	<b>(26,565,419)</b>	<b>(20,796,796)</b>

Note 16. Capital and lease commitments

(a) Finance lease commitments

There are no finance lease commitments (2017: nil).

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements.

	Consolidated 2018	2017
	\$	\$
Payable – minimum lease payments:		
i) Within one year	110,089	161,126
ii) One to five years	-	110,089
iii) More than five years	-	-
	<b>110,089</b>	<b>271,215</b>

Wistr Finance Pty Ltd has a non-cancellable property lease with a 24 month term which commenced on 1 March 2017, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased from and including each anniversary of the commencing date of the term by 4%.

Note 17. Income tax

	Consolidated 2018	2017
	\$	\$
<i>Numerical reconciliation of income tax expense to prima facie tax payable</i>		
Loss from continuing operations before income tax expense	(6,207,866)	(5,431,673)
Tax at the tax rate of 27.5% (2017: 27.5%)	(1,707,163)	(1,493,710)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Temporary differences not recognised	19,828	90,799
- Non-recognition of current year tax losses	1,687,335	1,402,911
Income tax expense / (benefit)	-	-

As at 30 June 2018, the entity has unrecognised carried forward tax losses of \$27,498,694 (2017: \$21,362,929), the utilisation of which is dependent on the entity satisfying the requirements of the Same Business Test (SBT).



**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 18. Remuneration of auditors**

During the year, the following fees were paid or payable for services provided by the auditor:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
BDO East Coast Partnership		
- Audit of the financial report	83,000	60,500
- Taxation services	4,850	3,540
- Review of the half-yearly financial report	25,000	22,500
- Accounting advice	-	4,525
	<u>112,850</u>	<u>91,065</u>

**Note 19. Contingent liabilities**

*Macquarie Bank Agreement*

On 19 February 2016, the parent entity entered into a Loan Sale and Management Deed with Macquarie Bank Limited (Agreement) in which Macquarie Bank Limited (Macquarie) agreed to purchase a \$5 million loan portfolio from Wistr Finance Pty Ltd and provide certain services to the Company. A \$5 million cash consideration for the \$5 million loan portfolio was paid on 23 February 2016, at which point the loan portfolio was derecognised.

Note 19 of the Group's 2016 Annual Report detailed the various fees payable as tranches under the Agreement.

In accordance with the modification of the Agreement, Tranche 2 funder fee is the only contingent liability remaining under the Agreement and is payable for so long as Macquarie continues to hold an interest in the loan portfolio.

*255 Finance Agreement*

In August 2017, the Company entered into an agreement with 255 Finance structured around the purchase of \$50 million in Wistr originated loan assets over a multiple year period. The transaction included an issue of shares to 255 Finance and up to \$200,000 in options that vest upon certain hurdles being met. As at 30 June 2018, the Company took up a funder fee expense of \$64,740 related to these options. \$135,260 of options remain contingent on a certain volume of new loan originations being funded.

*CEO Short and Long Term Incentives*

The following short and long term incentives may be awarded by the Company to the CEO and are noted as contingent liabilities:

- Grant of shares equivalent to 1% of the market capital value of the Company as at 30 June 2019, up to a maximum value to be determined by the Company in July 2017, but to be between 100% to 200% of base remuneration subject to the discretion of the Board and outcomes to be agreed with the Board, or absent agreement, as determined by the Board;
- Grant of shares equivalent to 0.5% of the market capital value of the Company on achieving a share price of 6c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the Vesting Date being 6c. The Vesting Date being within 20 business days following 30 June 2019; and
- Grant of shares equivalent to 0.5% of the market capital value of the Company on achieving a share price of 12c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the vesting date being 12c. The Vesting Date being within 20 business days following 30 June 2019.

*CFO Long Term Incentives*

The Company may award the CFO an issue of shares in the Company to a maximum value of \$200,000 for each of the financial years to 30 June 2018 and subsequently, annually, subject to the discretion of the CEO and Board, and achievement of outcomes to be agreed with the CEO or absent agreement, as determined by the CEO.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 19. Contingent liabilities (cont.)**

*Former COO Long Term Incentives*

The following long term incentives may be awarded by the Company to the COO and are noted as contingent liabilities:

- Grant of shares equal to 1% market capital value of the Company as at 30 June 2019, up to a maximum value of 50% of total remuneration or \$100,000, whichever is the lesser, for each of the relevant years;
- Grant of shares equal to 0.25% of the market capital value of the Company on achieving a share price of 6c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the Vesting Date being 6c. The Vesting Date being within 20 business days following 30 June 2019; and
- Grant of shares equal to 0.25% of the market capital value of the Company on achieving a share price of 12c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the vesting date being 12c. The Vesting Date being within 20 business days following 30 June 2019.

*Current COO Long Term Incentives*

The Company may award the current COO an issue of shares in the Company, through an Executive Staff Share Scheme, to an annual value of \$70,000 unless agreed otherwise, effective from 1 July 2018 for each of the financial years, subject to the discretion of the CEO and Board, and achievement of outcomes to be agreed with the CEO or absent agreement, as determined by the CEO.

**Note 20. Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1:

<b>Name</b>	<b>Status</b>	<b>Country of incorporation</b>	<b>% owned 2018</b>	<b>% owned 2017</b>
Wistr Finance Pty Ltd	Registered 2 May 2006	Australia	100%	100%
Wistr Investment Management Pty Ltd	Registered 20 February 2015	Australia	100%	100%
Wistr Loans Servicing Pty Ltd	Registered 20 February 2015	Australia	100%	100%
Wistr Credit Management Pty Ltd	Registered 19 March 2015	Australia	100%	100%
Wistr Marketplace Limited	Registered 16 March 2015	Australia	100%	100%
Wistr Services Pty Ltd	Registered 13 January 2017	Australia	100%	100%
Wistr Funding Pty Ltd	Registered 9 April 2018	Australia	100%	-

**Note 21. Events after the reporting period**

On 31 August 2018, the Company completed a capital raise via a placement of 83,910,000 fully paid ordinary shares at an issue price of \$0.05 each for a total amount of \$4,195,500 (to be received in two tranches) to sophisticated and professional investors.

In May 2018, the Group completed a \$25 million wholesale funding agreement with Bendigo and Adelaide Bank Limited. As of the date of this report, the Group is in the process of completing the conditions precedent before the facility becomes fully operational.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 22. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	972,206	814,428
Post-employment benefits	91,493	76,459
Long-term benefits	-	-
Share-based payments	541,516	469,786
Total KMP compensation	<u>1,605,215</u>	<u>1,360,673</u>

*Short-term employee benefits*

These amounts include fees and benefits paid to the executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

*Post-employment benefits*

These amounts are the current year's estimated cost of providing for the Group's superannuation contributions made during the year.

*Long-term benefits*

These amounts represent long service leave benefits accruing during the year.

*Share-based payments*

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

**Note 23. Related party transactions**

**(a) Parent entity**

The legal parent is Wistr Limited.

**(b) Subsidiaries**

Interest in subsidiaries are set out in Note 20.

**(c) Transactions with related parties**

As at 30 June 2018, all transactions that have occurred among the subsidiaries within the Group have been eliminated for consolidation purposes. There were no other related party transactions (2017: nil).

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 24. Parent entity information**

**(a) Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of financial position</b>		
Current assets	564,551	1,248,962
Non-current assets	14,943,118	13,402,500
Total assets	<u>15,507,669</u>	<u>14,651,462</u>
Current liabilities	79,026	53,267
Non-current liabilities	-	-
Total liabilities	<u>79,026</u>	<u>53,267</u>
<i>Shareholders' equity</i>		
Issued capital	22,311,751	21,592,496
Reserves	1,900,051	1,394,508
Accumulated losses	<u>(8,783,159)</u>	<u>(8,388,809)</u>
	<u>15,428,643</u>	<u>14,598,195</u>
Loss for the year	<u>(833,593)</u>	<u>(1,380,416)</u>
Total comprehensive income	<u>(833,593)</u>	<u>(1,380,416)</u>

**(b) Contingent liabilities**

See Note 19.

**(c) Contractual commitments**

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

**Note 25. Cash flow information**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of loss after income tax to net cash outflows from operating activities</b>		
Loss for the year	(6,207,866)	(5,431,673)
<i>Adjustments for non-cash items or items for which the cash flows are investing or financing cash flows</i>		
Depreciation	23,922	12,124
Share-based payments and accruals	1,064,040	1,387,301
Fundraising expenses	(45,750)	27,500
Loss on disposal of assets	426	-
<i>Changes in operating assets and liabilities:</i>		
Decrease in loan receivables	2,809,124	1,161,765
(Increase) / decrease in trade and other receivables	(258,515)	42,828
(Increase) / decrease in other assets	(96,528)	5,231
Increase in trade and other payables	496,516	1,067
Increase in provision for employee benefits	59,769	54,720
Net cash flows used in operating activities	<u>(2,154,862)</u>	<u>(2,739,137)</u>

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 26. Earnings per share**

	<b>2018</b>	<b>2017</b>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.4)	(1.4)
Diluted earnings per share	(1.4)	(1.4)

*Weighted average number of shares used as the denominator*

	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
Weighted average number of shares used as the denominator in calculating basic earnings per share	445,066,294	396,015,543
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares used in calculating dilutive earnings per share	<u>445,066,294</u>	<u>396,015,543</u>

The performance rights on issue have not been considered in the diluted earnings per share as their effect is anti-dilutive.

**Note 27. Operating segments**

The Group's business includes two related operating activities constituting one operating segment, which forms the basis of the Group's marketplace lending business. The Group makes personal loans to approved applicants in sizes ranging from \$5,000 to \$50,000 with loan maturities of three to five years. The Group also conducts activities to sell these loans after they have been settled to institutional investors and to the DirectMoney Personal Loan Fund (the Fund). The Group is the Investment Manager of the Fund.

The information in this report is presented on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Note 28. Dividends**

**(a) Dividends paid during the year**

*Ordinary shares*

There were no dividends paid during the year (2017: nil).

**(b) Franking Credits**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Franking credits available for subsequent reporting periods based on a tax rate of 27.5% (2017 – 27.5%)	<u>1,542,955</u>	<u>1,542,955</u>

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 29. Share based payments**

The share based payment expense of \$530,712 consists of:

- Performance rights expense of \$103,510 accrued up to 30 June 2018;
- Funder fee expense totalling \$271,891 accrued during the year in relation to an agreement entered into between the Company and Macquarie Bank Limited on 19 February 2016;
- Funder fee expense totalling \$124,740 paid and accrued during the year in relation to an agreement entered into between the Company and 255 Finance in August 2017, of which the Company agreed to issue shares to 255 Finance and options that vest upon certain hurdles being met; and
- Options expense of \$30,571 accrued in relation to the grant of call options to Alceon Group Pty Limited (Alceon) in February 2018 as part of a strategic investment by Alceon in the Company.

**(a) Performance rights**

	Notes	2018		2017	
		Number of performance rights	Exercise price	Number of performance rights	Exercise price
Balance at beginning of year		37,175,000	Nil	32,175,000	Nil
- granted	(i)	6,565,125	Nil	17,500,000	Nil
- forfeited		(6,657,563)	Nil	(12,500,000)	Nil
- exercised		-	Nil	-	Nil
Balance at end of year		37,082,562	Nil	37,175,000	Nil

*(i) Number of performance rights granted during the year*

The Group has also awarded its staff an offer to participate in the Group's Long Term Incentive Plan (LTIP) in the form of performance rights and link to KPIs for the period 1 July 2017 to 30 June 2018. From an accounting perspective, these performance rights have been granted. However, the Board is currently assessing performance against KPIs in order to determine the final grant amount. There are also future share price hurdles for granted performance rights to vest. The total fair value of these performance rights at award date is \$219,407 of which \$83,683 (2017: nil) has been recognised as a share-based performance rights expense in accordance with AASB 2 Share-based payment for FY2018.

The fair value of the performance rights was calculated by an independent advisor using a path-dependent option pricing model, a 2.5% risk free rate of return and a 40% implied volatility which was based on the historical volatility of suitable reference companies and indexes.

The Group has also recognised a performance rights expense of \$19,827 (2017: \$166,068) for performance rights granted in prior financial years. The total fair value of those performance rights at grant date is \$1,047,580.

The fair value of the performance rights was calculated by an independent advisor using a path-dependent option pricing model, a 2% risk free rate of return and a 40% implied volatility which was based on the historical volatility of suitable reference companies and indexes.

There were no performance rights granted to key management personnel as share based payments during the year (2017: 17,500,000 rights granted).

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 30. Financial risk management**

The business of the Group and the industry in which it operates are subject to risk factors both of a general nature and risks which are specific to the industry and/or the Group's business activities.

The potential effect of these risk factors either individually, or in combination, may have an adverse effect on the future financial and operating performance of the Group, its financial position, its prospects and the value of its shares.

The following are the key risks that specifically relate to the Group:

(i) *Credit risk*

As a lending business, the Group is at risk of a larger than expected number of its borrowers failing or becoming unable to repay their loans, particularly for loans which are held on balance sheet as opposed to being funded by a third party. While loans are assessed according to a strict Credit Manual and Credit Risk Policy as well as being targeted at prime retail borrowers (not 'payday' lending customers), the loans may be unsecured and so are subject to the capacity of the individual borrower to repay the loan.

All loan balances are monitored on an ongoing basis for collectability and a provision for doubtful debts is raised when appropriate. Detail of the provisioning policy is provided in note 1.k.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Loan receivables past due but not impaired</b>		
Less than 30 days	208,850	459,805
31 – 60 days	139,899	172,525
61 – 90 days	54,610	-
Greater than 90 days	192,348	17,839
	<u>595,707</u>	<u>650,169</u>

(ii) *Inability to recover defaulted loans*

If a borrower does not meet their required loan payments and the loan goes into default, the Group may not be able to recover the relevant portion of the value of the loan or the cost of recovery of the loan may be deemed to be greater than the amount potentially recoverable, even if the borrower owns assets such as a house. In this case the loan may be sold (at a loss) to a third party or written off as a bad debt. High levels of bad debts could limit profitability and adversely affect future performance. The Group mitigates this risk by approving loans according to a strict credit criteria. The risk is also mitigated through the use of third party funders for a proportion of loans.

(iii) *Fraudulent borrowers*

There is a general ongoing risk that borrowers may deliberately fabricate evidence to support loan applications and they have no intention of paying off their loan. The Group has procedures in place to detect fraudulent applications and activities, however the risk of fraud cannot be totally removed.

(iv) *Personal Loans may be unsecured*

The Group's loans may be issued on an unsecured basis. The Group's reputation and financial position could be adversely impacted if the Group's targeted credit performance of its loan book is not met and collections and debt recovery procedures prove less than effective.

(v) *Costs of acquiring loans*

The Group's business model and on-going commercial viability is directly linked to its ability to attract suitable borrowers and increase the volume of loans funded and managed by the Group. The Group has built its existing loan volumes using a mix of direct channel marketing (using search engine marketing and media advertising) and developing relationships with mortgage and finance brokers to introduce loans. The Group has forecasted the future costs of acquiring loans in the desired volumes however these costs are subject to market forces and cannot be predicted with certainty.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Note 30. Financial risk management (cont.)**

(vi) *Ability to source third party funding and sell loans*

The Group's business model and on-going commercial viability is strongly linked to its ability to source sufficient third party funding to enable it to sell its loans and raise the funds to lend to potential borrowers.

The Group seeks to manage this risk by establishing multiple sources of loan buyers. The Group seeks to on-sell loans to the DirectMoney Personal Loan Fund (subject to that fund having sufficient funds available) and to institutional loan buyers.

(vii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash to ensure the ability to meet financial obligations as they fall due. The Group manages liquidity risk by maintaining a cash reserve and continuously monitoring forecast and actual cash flows.

<b>Maturity Analysis – Group</b>			
	<b>Within 1 year</b>	<b>1 – 5 years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2018</b>			
<b>Financial assets</b>			
Cash and cash equivalents	1,548,888	-	1,548,888
Loan receivables	884,509	2,745,745	3,630,254
Trade and other receivables	326,242	-	326,242
Available for sale financial assets	-	518,000	518,000
<b>Total financial assets</b>	<b>2,759,639</b>	<b>3,263,745</b>	<b>6,023,384</b>
<b>Financial liabilities</b>			
<i>Non-derivatives</i>			
Trade creditors	744,518	-	744,518
Other payables	601,491	-	601,491
Convertible notes*	373,000	-	373,000
<b>Total non-derivatives</b>	<b>1,719,009</b>	<b>-</b>	<b>1,719,009</b>
<b>Net financial assets</b>	<b>1,040,630</b>	<b>3,263,745</b>	<b>4,304,375</b>
<b>2017</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3,479,300	-	3,479,300
Loan receivables	1,727,404	4,711,974	6,439,378
Trade and other receivables	67,727	-	67,727
Available for sale financial assets	-	500,000	500,000
<b>Total financial assets</b>	<b>5,274,431</b>	<b>5,211,974</b>	<b>10,486,405</b>
<b>Financial liabilities</b>			
<i>Non-derivatives</i>			
Trade creditors	232,057	-	232,057
Other payables	551,861	-	551,861
Convertible notes*	672,000	-	672,000
<b>Total non-derivatives</b>	<b>1,455,918</b>	<b>-</b>	<b>1,455,918</b>
<b>Net financial assets</b>	<b>3,818,513</b>	<b>5,211,974</b>	<b>9,030,487</b>

\* The repayment of the notes is linked to the repayment profile of the loans which provide security for the notes. Given the option the Group has to repay these notes prior to their maturity, the notes are shown as being current.



**Note 30. Financial Risk Management (cont.)**

*(viii) Market risk*

*a. Price risk*

The Group's investment in the DirectMoney Personal Loan Fund (Fund) is exposed to variations in the unit price of the Fund. The unit price may vary subject to the credit performance of the loans held in the Fund. As the Group is the Seller of and Investment Manager of the Fund, the Group has a sound knowledge of the price risk associated with its investment. To date, the unit price has not declined in value.

*b. Interest rate risk*

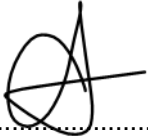
The Group has no bank debt, fixed rate or otherwise. The Group earns interest from a portfolio of fixed rate loans held on its balance sheet.

## **Directors' Declaration**

The directors of the Company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position and performance of the consolidated entity; and
  - (ii) complying with Australian Accounting Standards, including the interpretations, and the *Corporations Regulations 2001*;
- (b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;
- (c) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*; and
- (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.



.....  
Craig Swanger  
Director  
Sydney  
28 September 2018

## INDEPENDENT AUDITOR'S REPORT

To the members of Wizr Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Wizr Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Share-based payments

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year ended 30 June 2018, the Company entered into several share based payments transactions.</p> <p>The calculation of share-based payments is complex and includes assumptions utilised in the fair value calculations and judgements regarding the equity instrument issued during the year. There is a risk that amounts are incorrectly recognised and/or inappropriately disclosed in the financial statements and consequently it was considered a key audit matter.</p> <p>Refer to note 1(d) and note 29 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these transactions.</p>	<p>To address this matter, our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewing the terms and conditions of the various share based payment agreements;</li> <li>• Evaluating management's assessment of the likelihood of meeting the performance conditions attached to each of the agreements;</li> <li>• Testing management's methodology for calculating the fair value of the shares or options including assessing the valuation inputs using internal specialists where required; and</li> <li>• Evaluating the adequacy of the disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the judgements involved, and the accounting policy adopted.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Highlight Report and Chairman's Report, which are expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Highlight Report and Chairman's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.



## **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Wisr Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### **BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'AM', is written over the printed name 'Arthur Milner'.

Arthur Milner  
Partner

Sydney, 28 September 2018